

# Sources from the Past

## Adam Smith on the Capitalist Market

*Adam Smith devoted special thought to the nature of early capitalist society and the principles that made it work. In 1776 he published a lengthy book titled *An Inquiry into the Nature and Causes of the Wealth of Nations*, a vastly influential work that championed free, unregulated markets and capitalist enterprise as the principal ingredients of prosperity. Smith's optimism about capitalism sprang from his conviction that society as a whole benefits when individuals pursue their own economic interests and trade on a free market.*

**Every individual is continually exerting** himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. . . .

As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value, every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest

value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

To give the monopoly of the home market to the produce of domestic industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestic industry can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or, what is the same thing, with the price of a part of it, whatever else they have occasion for.

### For Further Reflection

- To what extent do you think Adam Smith's analysis reflected the experiences of his own times, and to what extent did they represent universally valid observations?

Source: Adam Smith. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Edinburgh: 1863, pp. 198–200.

increase their wealth by cultivating agricultural crops or producing goods for sale on the market. As nuclear families became more important economically, they also became more socially and emotionally independent. Love between a man and a woman became a more important consideration in the making of marriages than the interests of the larger extended families, and affection between parents and their children became a more important ingredient of family life. Capitalism did not necessarily cause these changes in family life, but it may have encouraged developments that helped to define the nature and role of the family in modern European society.

## TRANSFORMATIONS IN SCIENTIFIC THINKING

While experiencing religious, political, economic, and social change, western Europe also underwent intellectual and cultural transformation. Astronomers and physicists rejected classical Greek and Roman authorities, whose theories had dominated scientific thought during the middle ages, and based their understanding of the natural world on direct observation and mathematical reasoning. During the seventeenth and eighteenth centuries, they elaborated a new vision of the

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## Galileo Galilei, Letter to the Grand Duchess Christina

*The Italian physicist and astronomer Galileo Galilei (1564–1642) was one of the most important European scientists in the early 1600s. His staunch defense of Nicolaus Copernicus's theory of a sun-centered universe threatened Catholic clergy, who were worried that such a theory threatened the authority of both the Bible and the Church. In 1615 Galileo, himself a devout Catholic, defended his scientific beliefs in a published letter to Christina, the grand duchess of Tuscany. Although the Church forced Galileo to publicly renounce his scientific beliefs in 1632, over the long term his writings contributed greatly to the reconception of the universe using the new scientific methodology.*

Some years since, as Your most Serene Highness well knoweth, I did discover many particulars in Heaven that had been unseen and unheard of until this our Age; which, as well for their Novelty, as for certain consequences which depend upon them, clashing with some Physical Propositions commonly received by the Schools, did stir up against me no small number of such as professed the vulgar Philosophy in the Universities; as if I had with my own hand newly placed these things in Heaven to obscure and disturb Nature and the Sciences: who forgetting that the multitude of Truths contribute, and concur to the investigation, augmentation, and establishment of the Arts, and not to their diminution, and destruction. . .

They persisting therefore in their first Resolution, Of ruining me and whatsoever is mine, by all imaginable waies; and knowing how that I in my Studies of Astronomy and Philosophy hold, as to the Worlds Systeme, That the Sun, without changing place, is situate in the Centre of the Conversion of the Celestial Orbes; and that the Earth, convertible about its own Axis, moveth it self about the Sun: And moreover understanding, that I proceed to maintain this Position, not only by refuting the Reasons of Ptolomy and Aristotle, but by producing many on the contrary; and in particular, some Physical pertaining to Natural Effects, the causes of which perhaps can be by no other way assigned; and others Astronomical depending upon many circumstances and encounters of new Discoveries in Heaven, which manifestly confute the Ptolomaick Systeme, and admirably agree with and confirm this other Hypothesis: and possibly being ashamed to see the known truth of other Positions by me asserted, different from those that have been commonly received; and therefore distrusting their defence so long as they should

continue in the Field of Philosophy: for these respects, I say, they have resolved to try whether they could make a Shield for the fallacies of their Arguments of the Mantle of a feigned Religion, and of the Authority of the Sacred Scriptures, applied by them with little judgment to the confutation of such Reasons of mine as they had neither understood, nor so much as heard.

This therefore being granted, methinks that in the Discussion of Natural Problemes, we ought not to begin at the authority of places of Scripture; but at Sensible Experiments and Necessary Demonstrations: For, from the Divine Word, the Sacred Scripture and Nature did both alike proceed; the first, as the Holy Ghosts Inspiration; the second, as the most observant Executrix of Gods Commands: And moreover it being convenient in the Scriptures (by way of condescension to the understanding of all men) to speak many things different, in appearance; and so far as concerns the naked signification of the words, from absolute truth: But on the contrary, Nature being inexorable and immutable, and never passing the bounds of the Laws assigned her, as one that nothing careth whether her abstruse reasons and methods of operating be, or be not exposed to the Capacity of Men; I conceive that, concerning Natural Effects, which either Sensible Experience sets before our eyes, or Necessary Demonstrations do prove unto us, ought not, upon any account, to be called into question, much less condemned upon the testimony of Texts of Scripture, which may, under their words, couch Senses seemingly contrary there to; In regard that every Expression of Scripture is not tied to so strict conditions, as every Effect of Nature: Nor doth God less admirably discover himself unto us in Nature's Actions, than in the Scriptures Sacred Dictions. Which peradventure Tertullian intended to express in those words: (c) We conclude, God is known; first, by Nature, and then again more particularly known by Doctrine: by Nature, in his Works; by Doctrine, in his Word preached.

### For Further Reflection

- Why did Galileo's critics, mentioned in the passage above, find fault with his scientific observations?

Source: Galileo Galilei, "Letter to the Grand Duchess Christina," trans. Thomas Salusbury, *Mathematical Collections and Translations* 1667. Retrieved from The Archimedes Project [http://archimedes.mpiwg-berlin.mpg.de/cgi-bin/toc/toc.cgi?step=thumb&dir=salus\\_mathe\\_040\\_en\\_1667](http://archimedes.mpiwg-berlin.mpg.de/cgi-bin/toc/toc.cgi?step=thumb&dir=salus_mathe_040_en_1667).

Newton's work symbolized the scientific revolution, but it by no means marked the end of the process by which observation and mathematical reasoning transformed European science. Inspired by the dramatic discoveries of astronomers and physicists, other scientists began to turn away from classical authorities and to construct fresh approaches to the

understanding of the natural world. During the seventeenth and eighteenth centuries, anatomy, physiology, microbiology, chemistry, and botany underwent a thorough overhaul, as scientists tested their theories against direct observation of natural phenomena and explained them in rigorous mathematical terms.